

Testimony of:

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Before:

House Committee on Foreign Affairs
Subcommittee on Europe, Eurasia and Emerging Threats

May 8, 2013



C O R N U C O P I A

I N S T I T U T E

Thank you, Mr. Chairman.

My name is Mark Alan Kastel. I'm the Codirector and act as senior farm policy analyst at The Cornucopia Institute. We are based in Cornucopia, Wisconsin.

The Cornucopia Institute is a tax-exempt farm policy research group. We act as an organic industry watchdog.

We have long been concerned about the propriety of organic commodities and finished products being imported to the United States from China.

Mr. Chairman, many in this country, for good reason, based on history, do not trust the Chinese to supply ingredients for our dog and cat food. Why should we trust Chinese exporters for the food that we are feeding our children and families?

Besides for any specific concerns and evidence regarding organics, this is a country with endemic levels of commercial fraud whether in intellectual property, the counterfeiting of name-brand consumer products, or being engaged in industrial espionage.

The organic marketplace was founded as an ethical alternative for consumers seeking safer and more nutritious food to serve their families. In addition, we know from focus group work that the reason there is such low price resistance to the premiums paid for organic food is that consumers don't think they are just selfishly protecting their families. They believe that the investment also pays dividends for society in supporting a different kind of environmental ethic, a more humane animal husbandry model and economic justice for the people who produce our food.

In many ways Chinese imports undermine the foundational precepts that the organic movement was founded upon.

We first investigated Chinese organics as part of our research and investigation in preparing our report *Behind the Bean — the Heroes and Charlatans of the Natural and Organic Soy Foods Industry*.

We found that although there were many exemplary U.S. manufacturers, like Clinton, Michigan-based Eden Foods, that has direct relationships with farmers in the United States growing organic soybeans, the majority of the participants in the organic soy industry were shifting to Chinese organic imports.

In particular we highlighted Dean Foods' WhiteWave division, which manufactures the market-leader, Silk soy "milk." (I use the quotation marks because the hard-working dairy farmers I work with find calling crushed soybeans and water "milk" objectionable.)

At a time of rapid industry growth, instead of paying U.S. farmer cooperatives the market rate for certified organic soybeans, they threw U.S. organic producers under the bus by asking them to match cheaper Chinese prices (which they were unable to do). The company has since shifted most of their products over to conventional soybeans.

But the damage was done. And it continues to be done in the marketplace. In Cornucopia's 2009 soy foods report, we estimated that as much as half of organic soybeans used in the U.S. came from overseas, primarily China—it's probably higher now.

We are told by domestic soybean buyers and processors of food-grade soybeans that brokers come to them with a choice. They have "A-beans" and "B-beans."

What's the difference? The brokers tell them that the A-beans are from farms and suppliers that they have personally visited in China and they can vouch for the authenticity of the product. And the B-beans? Well, the brokers have a piece of paper, a certification document, that says they're organic. And they're cheaper. Most commonly, they're the ones that get purchased.

In February 2011, the USDA's National Organic Program started informing the public of fraudulent organic certificates, those "pieces of paper" I just referred to. They have found 22 fraudulent organic certificates, and nine were from China. The next highest country had only three: that was India, where we are also seeing an exponential increase in organic imports.

And whether it's melamine contaminating processed food, rat meat masquerading as lamb, or dead hogs floating down rivers supplying the drinking water, many Chinese consumers don't trust their domestically produced food. Why should we?

USDA and FDA inspectors are only examining 1%-2% of all the food that reaches U.S. ports. And what are they finding? A disproportionate number of serious problems with exports from China including adulteration with unapproved chemicals, dyes, pesticides and outright fraud (fake food).

What of the remaining 98% of Chinese exports? They might very well be on your table tonight either at home or at a restaurant.

The largest farmer-owned organic cooperative in this country, Organic Valley, based in Wisconsin, is now exporting packaged milk to China. This doesn't make any more ecological sense than importing frozen Chinese vegetables to America. But you can understand why a growing, more affluent cross-section of the Chinese populace is stripping the store shelves bare

in Europe and Australia of infant formula, and buying imported U.S. organics. What do they know that many in the United States don't about the safety of Chinese-grown commodities?

Because of the restricted nature of doing business in China, U.S. certifiers are unable to independently inspect farms and assure compliance to the USDA organic food and agriculture standards that are required for export to the U.S. Inspections are conducted by foreign-owned certification agencies accredited by the USDA. But even they cannot freely operate in the country without Chinese government oversight.

These imports should not be allowed to reach our shore until and unless we have a system in place to assure consumers they are getting what they pay for. Just like U.S. grown organic commodities, the safety of these products must be rigorously overseen by independent inspectors.

The farmers I work for have names. They have photographs of their farms. And they would welcome members of this committee, or the organic public, for a visit any time. They are not just selling soybeans. They are selling the story behind their beans. They are competing with anonymous Chinese commodities backed by pieces of paper of questionable authenticity.

Organics continue to grow, even in this tight economy. But for the first time we are seeing a net loss in the number of organic farmers in the Midwest and Rocky Mountain states, and we are losing thousands of acres of farmland. We cannot compete with the Chinese without a level playing field in terms of aggressive certification and enforcement of organic law.

The Cornucopia Institute welcomes congressional pressure on the FDA and the USDA to fulfill their mandates to protect domestic farmers, organic consumers, and all consumers, from dangerous fraud in the importation of food from China, India, former Soviet bloc states, or any other country exporting poison to our shores. And we hope you will adequately augment their budgets while holding them responsible for carrying out their missions.

Thank you.